POLICY MANUAL
GENERAL

Number 532
Subject: Scholarship Awarding
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532.1 PREFACE

Utah State University provides undergraduate and graduate scholarships to students through funds provided by donors, federal and state governments, and University general funds. This policy establishes the framework to ensure that proper stewardship, guidelines, and internal controls are in place to achieve the highest level of public trust and to ensure that student needs are considered in the process.

Scholarship awarding requires an understanding of best practices that foster accountability, protect employee integrity, and safeguard University funds. For purposes of this policy, scholarships include both qualified and non-qualified scholarship awards.

532.2 DEFINITIONS

Central Scholarship Committee: This committee will review and approve scholarship-awarding procedures proposed by each college and interpret scholarship language on existing donor agreements as necessary. Membership will consist of: two (2) standing representatives – the Director of the Scholarship Office and the Executive Director of Budget and Planning. In addition, there will be:
- one (1) academic dean or designee to be appointed by the Provost for a two (2) year term;
- one (1) financial officer to be appointed by the Vice President of Business and Finance for a two (2) year term; and
- three (3) rotating college representatives to be recommended by the Provost, approved by the two standing representatives, rotated annually.

The Central Scholarship Committee is the primary source of information, education, and assistance on the topics noted within this policy.
**College Scholarship Committee:** Interprets scholarship language on existing donor agreements, reviews recipient requirements, and determines recipients of awards. Ensures scholarship funds are utilized in accordance with appropriate intent or donor restriction. The structure and membership will be determined by each college.

**Conflict-of-Interest:** An action by an individual reviewing and/or recommending a scholarship that results in a direct financial benefit to a person closely affiliated to the individual making the recommendation. Conflict of interest may also occur if an individual exerts influence to select a recipient without considering and documenting objective criteria for the scholarship.

**Financial Need-Based Scholarships:** Scholarships awarded based on financial need as defined by the Free Application for Federal Student Aid (FAFSA).

**Free Application for Federal Student Aid (FAFSA):** The FAFSA is the basic student financial aid application form used by all two and four-year colleges, universities, and career schools for the awarding of federal student aid and most state and college aid. At USU, the Financial Aid Office administers Title IV aid, which is the aid available to students through filling out the FAFSA.

**Non-Qualified Scholarship:** Any portion of an award, scholarship, fellowship, or grant that does not directly pay for those items defined as a qualified scholarship. Non-qualified scholarships are includible in the gross income of the recipient and are subject to withholding. For non-degree nonresident candidates and nonresident post-doctoral research scholars, the entire award is non-qualified.

**Qualified Scholarship:** Under section 117 of the Internal Revenue Code, a qualified scholarship is one that is used to pay "tuition and fees paid to enroll in, or to attend, an educational institution" or "fees, book, supplies, and equipment required for the courses at the educational institution." Only qualified scholarship payments made to nonresident aliens are neither subject to withholding or IRS reporting.

**Scholarship:** A qualified or non-qualified grant or payment made to support a student's education, awarded on the basis of need or academic or other achievement. Scholarships are not repaid. Scholarships may be referred to by various titles (e.g. award, grant, fellowship, etc.). However, any titles that fall within the classification of non-qualified or qualified scholarships are considered “scholarships” for purposes of this policy.

**Scholarship Office:** The Scholarship Office collaborates with scholarship-awarding colleges on all scholarship processes and procedures, and provides guidance for maintaining appropriate internal controls.

**Scholarship-Awarding College:** Any college within Utah State University that issues, evaluates, or oversees scholarships as outlined by this policy. Each college determines how scholarships are processed within the college, and whether one procedure is sufficient for the entire college or if multiple procedures are necessary.
532.3 POLICY

Each scholarship-awarding college shall:

1) Recognize the Free Application for Federal Student Aid (FAFSA), or a similar need-based calculating mechanism as approved by the Central Scholarship Committee, as the official resource when determining financial need for need-based scholarships.

2) Create scholarship-awarding procedures, in collaboration with the Scholarship Office, that include but are not limited to:
   - College Responsibilities (Section 4.1)
   - Separation of Duties (Section 4.2)
   - Use of Funds (Section 4.3)
   - Reconciliation of Awards (Section 4.4)
   - Timely & Accurate Reporting (Section 4.5)

The Central Scholarship Committee will review and approve scholarship-awarding procedures proposed by each college. Approved procedures become the expectation for the college to follow. Changes to procedures should be submitted to the Scholarship Office for review prior to implementation.

Exemption for Intercollegiate Athletic Scholarships and Grants-in-aid Program

The Vice President and Director of Athletics, as designated by USU Policy 104.4.7(8), retains the supervision of “the intercollegiate athletic scholarship and grants-in-aid program and all athletic awards [scholarships] after consultation with and approval of the Athletic Council.” Therefore, the administration, internal controls, processes, and procedures for these scholarships are excluded from this policy.

532.4 SCHOLARSHIP-AWARDING PROCEDURES

4.1 College Responsibilities

Individuals involved in scholarship awarding should understand procedures in sufficient detail to maintain the effectiveness and integrity of the awarding process. Colleges should ensure that all employees involved in scholarship awarding receive relevant training from the Scholarship Office or other experienced individuals who can provide adequate knowledge, skills, and abilities to function within, and contribute to, an appropriate scholarship- awarding environment.

College responsibilities should include:

- College Scholarship Committee membership selection process
- Application review and awardee selection process
- Scholarship notifications
- Point-of-contact information for coordination of information, activities, and data
- Interpretation of donor agreement language if unclear
Publication of the following:

- College application deadlines
- Scholarship appeal processes and procedures
- College Scholarship Committee member conflict-of-interest statement

4.2 Separation of Duties

Duties should be appropriately segregated such that no one person has control over all aspects of a particular transaction. If a college has questions about scaling college procedures to meet smaller operations, contact the Scholarship Office for guidance regarding compensating controls prior to establishing processes or compromising the separation of duties.

4.3 Use of Funds

Scholarship funds must be utilized in accordance with appropriate intent or donor restriction.

4.4 Reconciliation of Awards

Reconciliation of scholarship awards should be completed regularly by Business Services, and reviewed by college administrators.

4.5 Timely & Accurate Reporting

Scholarship-awarding reports must be accurate and should be made available to appropriate college personnel on a timely basis.

532.5 AUDITS

Internal auditors, external auditors, and Scholarship Office personnel have authority to review and measure the effectiveness of scholarship controls. Although college operations may influence when reviews occur, surprise reviews may be initiated on an awarding area with minimal or no notice.

532.6 CES

- IRS Scholarships, Fellowship Grants, and Other Grants Topic 421
- Utah Board of Regents Policy R513, Tuition Waivers and Reductions
- Utah Board of Regents Policy R601, Board of Directors of the Utah Higher Education Assistance Authority
- Utah Board of Regents Policy R602, Bylaws of the Utah Higher Education Assistance Authority Board of Directors
- Utah Board of Regents Policy R649, Utah Higher Education Assistance Authority Privacy Policy
- Utah Board of Regents Policy R685, Utah Educational Savings Plan Trust
• Utah State University Policy 102 - The State System of Higher Education
  o Section 4.8(24) Scholarship, Student Loans, and Tuition Waivers
  o Section 4.8(25) Educationally Disadvantaged
• Utah State University Policy 104 - The University President and Other Officers
  o Section 4.7(8) Vice President and Director of Athletics
• Utah State University Policy 583 - Research
  o Section 3.4 Scholarship and Fellowship Funds
• Utah State Code 63G-12-402 - Receipt of state, local, or federal public benefits – Verification – Exceptions – Fraudulently obtained benefits – criminal penalties – Annual Report